

# SENATE BILL REPORT

## SB 5185

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As of January 26, 2009

**Title:** An act relating to increasing solar energy incentives.

**Brief Description:** Increasing solar energy incentives.

**Sponsors:** Senators Rockefeller, Keiser, Pridemore, Jacobsen, Hobbs, Kastama, Haugen, Hargrove, Hatfield, Ranker, Kilmer, Sheldon, Oemig, Delvin, Shin, Kohl-Welles, Kline and Holmquist.

**Brief History:**

**Committee Activity:** Environment, Water & Energy: 1/23/09.

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### SENATE COMMITTEE ON ENVIRONMENT, WATER & ENERGY

**Staff:** William Bridges (786-7416)

**Background:** Cost-Recovery Incentive Program for Renewable Energy Systems. In 2005 the Legislature created a cost-recovery incentive program to promote renewable energy systems that produce electricity from solar, wind, or anaerobic digesters. An individual, business, or local government purchasing an eligible system may apply for an incentive payment from the electric utility serving the applicant. The incentive provides at least 15 cents for each kilowatt-hour of energy produced, with extra incentives for solar generating systems that use components manufactured in Washington. Payments are capped at \$2,000 annually per applicant.

A utility providing incentive payments is allowed a credit against its public utility tax (PUT) for incentives paid, limited to \$25,000 or 0.25 percent of its taxable power sales, whichever is greater.

The cost-recovery incentive program expires June 30, 2015.

Initiative 937. In 2006 the people approved Initiative 937, which requires qualifying electric utilities with 25,000 or more customers to meet targets for using and conserving eligible renewable energy resources.

The Initiative provides for additional credit toward meeting the renewable acquisition target. Qualifying utilities may count distributed generation at double the facilities output.

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"Distributed generation" means an eligible renewable resource where the generation facility has a generating capacity of not more than five megawatts. Furthermore, if a qualifying utility acquires renewable energy or renewable energy credits from a facility that was developed using an approved apprentice program, the utility may count that acquisition at one and two-tenths times the acquisition's base value.

**Summary of Bill:** Extending Expiration Date for the Cost-Recovery Incentive Program. The cost-recovery incentive program for renewable power is extended to June 30, 2025.

Expanding the Cost-Recovery Incentive Program to Community Solar Projects. The program is extended to "community solar projects," which are either (a) a solar energy system owned by local individuals, households, or nonutility businesses that is placed on the property owned by their cooperating local governmental entity; or (b) a utility-owned solar energy system that is voluntarily funded by the utility's ratepayers where, in exchange for their financial support, the utility gives contributors a payment or credit on their utility bill for the value of the electricity produced by the project.

Increasing the Cost-Recovery Incentive for Community Solar Projects. Community solar projects are eligible for incentives of 30 cents for each kilowatt-hour of energy produced. Each applicant in a community solar project is eligible for annual incentives of \$5,000 per year.

Increasing the Cost-Recovery PUT Credit. The credit for a utility providing cost-recovery incentive payments is increased to \$100,000 or 1 percent of the utility's taxable power sales, whichever is greater. Incentive payments to participants in a utility-owned community solar project may only account for up to 25 percent of the total allowable credit.

Creating a Solar Incentive in I-937. A qualifying utility that acquires solar energy may count that acquisition at four times its base value where the energy is produced using solar inverters and modules manufactured in Washington.

Removing Obsolete References. Obsolete references to uniform interconnection standards in the cost-recovery incentive program are removed.

**Appropriation:** None.

**Fiscal Note:** Requested on January 20, 2009.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: Extending the expiration date to 2025 is critical. Increasing the incentive to \$5,000 will allow larger systems. Community solar projects allow those with bad sites or little money to pool their resources and participate in producing solar power. Definition of "community solar projects" should be expanded to include other groups. The bill will promote green jobs. The I-937 multiplier for Washington-manufactured components needs to be six, not four. Community solar projects

should be extended to cover other renewable energy sources like wind, anaerobic digesters, and micro-hydro power. Expand the types of property that will be eligible to site a community solar project. The I-937 multiplier for Washington-manufactured components should be expanded to all solar components.

OTHER: Other organizations like land trusts and non-profits should be allowed to participate in community solar projects. The prohibition on leasehold interests should be removed. The incentives for community solar projects are too high because they should be able to leverage their pooled money. Residential solar projects provide more jobs than community solar projects. Extending the program to 2025 is good. The I-937 incentive for Washington-manufactured components needs to be examined with all the other changes to the Initiative that are being considered.

**Persons Testifying:** PRO: Joe Deets, Community Energy Solutions; Bob Guenther, IBEW 77; Ken Johnson, PSE; Collins Sprague, Avista Corp.

OTHER: Carrie Dolwick, NVEC; Gary Shaver, Silicon Energy, LLC.